UNITED NATIONS **DP**

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/CCF/NIC/1
14 November 1997
ENGLISH
ORIGINAL: SPANISH

First regular session 1998
19-26 January 1998, New York
Item 5 of the provisional agenda
UNDP

UNDP: COUNTRY COOPERATION FRAMEWORKS AND RELATED MATTERS

FIRST COUNTRY COOPERATION FRAMEWORK WITH NICARAGUA (1998-2001)

CONTENTS

		Paragraphs	Page
INTRODUCTION		1	2
I.	DEVELOPMENT SITUATION OF THE COUNTRY FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	2 - 5	2
II.	RESULTS AND LESSONS OF PAST COOPERATION	6 - 10	3
III.	PROPOSED STRATEGY AND THEMATIC AREAS	11 - 14	3
	A. Institutional governance and modernization	15 - 28	4
	B. Productive human development, in particular at the local level	29 - 37	6
	B. A productive approach to eradicating poverty	38 - 41	8
IV.	MANAGEMENT ARRANGEMENTS	42 - 49	9
Annex.	Resource mobilization target table for Nicaragua (1998-2001)		11

97-32343 (E)

/...

INTRODUCTION

1. Within its Plan of Government, the Government of Nicaragua has assigned priority to programmes and policies for reducing poverty and unemployment. In this context, and in response to the proposal presented by UNDP in its advisory note, the Government is asking UNDP and the United Nations for their assistance in lowering current poverty levels and improving the general well-being of the population, using the sustainable human development approach and emphasising production as a criterion. The objective of the present cooperation framework is to identify UNDP's spheres of cooperation with Nicaragua during the four-year period 1998-2001. This document is the result of a process of consultation with the different sectors of the Government and civil society and with other cooperation organizations. It is based on the priorities set by the Government and the mandates established at the recent international conferences. In the course of 1997 it became evident that the process of formulating the first cooperation framework could not be completed in time to be submitted for consideration by the Executive Board at its third ordinary session in 1997. Under these circumstances, the Administrator felt it necessary to extend the period of the fifth country programme to include 1997. The Administrator wishes to draw this to the attention of the Executive Board during its current session.

I. DEVELOPMENT SITUATION OF THE COUNTRY FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Nicaragua has a population of 4,357,099 inhabitants (1995 Census), unevenly distributed throughout the national territory and concentrated in the Pacífico region. Its economy is depressed, owing to the historic conflicts of the last few decades and the incalculable damage caused by natural phenomena. In the 1990s, Nicaragua embarked on an era of great challenges: the transition from armed conflicts to peace; from a centralized to a free market economy; and from a centralized political system to democracy.

3. The economic reforms introduced had a positive impact on some macroeconomic indicators and triggered an upturn in the economy beginning in 1994. However, the same measures also adversely affected the social sector. Despite the progress observed on the economic and political front, the people have not yet seen its benefits, nor do they appear to trust the country's institutions in general. The transition to democracy and a market economy has yet to bring the population any substantive, tangible improvement in its living standards. On the contrary, some human development indicators have deteriorated in recent years.

4. Given the high level of poverty in which most Nicaraguans live, the Government of Nicaragua recognizes the need for comprehensive, sustained measures to bring about a structural overhaul. To this end, the Government Programme establishes as its principal goals: to eradicate poverty, reduce the high level of unemployment, and promote growing civil society involvement in channeling and locating social services, for the benefit of the most vulnerable groups.

5. Macroeconomic stability is considered a prerequisite for generating economic growth and productive employment. Similarly, it is felt that social services must be provided efficiently by modernizing the State and decentralizing and strengthening the municipalities to help the local development programmes to succeed.

II. RESULTS AND LESSONS OF PAST COOPERATION

6. The UNDP cooperation programme in the period 1992-1996 assisted the country's efforts to consolidate its institutional machinery and build local capacity. Particular attention is drawn to the comprehensive programmes in areas of conflict, the consolidation of mechanisms for local participation and planning, the professionalization and more widespread presence of the Judicial Power, the strengthening of systems for preventing and alleviating natural disasters, and assistance with the policies and practices of non-conventional financial services in rural areas.

7. Absence of a national development plan clearly identifying the country's priorities and the forums for international cooperation unquestionably hampered implementation of the UNDP programme and was one reason why UNDP support, as well as that of other cooperation organizations, was spread too thinly and not adequately coordinated in both geographic and sectoral terms, quite apart from not always benefiting the target population groups.

8. This experience also suggested that it would be advantageous to work with a more restricted portfolio of projects, better organized around priority spheres or sectors and based on a more comprehensive approach to formulating projects and programmes. It is accordingly suggested that UNDP coordinate its actions more closely with those of other agencies within the United Nations system and with other sources of cooperation, in order to strengthen collaboration in the field.

9. UNDP's demonstrated ability to mobilize resources and bring the various participants together should be complemented by a greater effort to manage and monitor projects and by closer and more permanent liaison with the other cooperation organizations and groups from civil society.

10. Although in the past the principal activities were carried out in the sphere of government, in the future, without overlooking the continuous strengthening of governance, greater emphasis should be placed on modernizing the sectors with the largest deficits and the most representative basic institutions, to enhance the impact of the programmes in the fight against poverty and the reduction of social inequalities.

III. PROPOSED STRATEGY AND THEMATIC AREAS

11. The first cooperation framework (1998-2001) will be based on the priorities of the Nicaraguan Government, on the interests of Nicaragua's civil society, chiefly in the sectors most affected by issues of poverty and development, and on a long and fruitful relationship with the country. Special attention will be paid to the resolutions of the international conferences mentioned earlier, which provide basic guidelines for development and have been the subject of concrete commitments by the signatory states. Account will also be taken of the external evaluation of the earlier cycle, as well as of suggestions and contributions from other sources of cooperation and the other agencies of the United Nations system.

12. The Government hopes that UNDP will continue to lend its support in reducing current levels of poverty and improving the general well-being of the

population, without exclusions, by adopting a sustainable human development approach and making production a criterion.

13. The central objective of the first cooperation framework will be to reduce poverty through support for the following programme areas: (a) institutional governance and modernization; (b) productive human development, especially at the local level; and (c) eradication of poverty through enhanced production.

14. Although each of these three spheres will have its own dynamics, it is very important to identify the linkages between them. In each programme area, action should be targeted by reference to an overall goal, pinpointing in particular positive and negative impacts on the environment, on gender issues, and on cultural aspects in the communities involved.

A. Institutional governance and modernization

National development and international cooperation strategy

15. The Government of Nicaragua is requesting UNDP support for the design of a national development strategy that will serve as a frame of reference for the actions of the national Government, the sectoral ministries, and the different sectors of society.

16. This national development strategy should clearly define a social policy that is consistent with the current economic policy. A particular goal is to strengthen the capacity to enact rules for, and to formulate, a social policy so that existing and future projects can be dovetailed and used efficiently in pursuit of the goals of generating productive employment, fighting poverty, and strengthening the democratic process.

17. This development framework should help to guide external cooperation by creating an official or unofficial mechanism for highlighting, within the framework of sustainable development, the importance and consistency of policies and programmes on such basic topics as: education, food security and rural development, and on issues of health, gender and the environment, among others.

18. This mechanism would enable the Ministry of External Cooperation to present and receive ideas and suggestions from donors in a structured manner. One possibility would be to create a Council made up of representatives from non-governmental organizations, social groups with shared interests, and other sectors.

19. UNDP, together with other agencies within the United Nations system, would carry out the following activities:

(a) Support the preparation of a tentative list of priorities, in specific thematic groups;

(b) Support the formation of interest groups within the different sectors involved, to encourage their involvement in the formulation of a national development strategy;

(c) To match the needs identified to what is available from international donors, bearing in mind that the primary objective is to pursue human development and, from a Central American perspective, to promote Nicaragua's entry into international trade;

(d) To support the creation and strengthening of mechanisms for collaboration between developing countries, by promoting South-South cooperation activities (Technical Cooperation between Developing Countries (TCDC)), for the exchange of experience at the regional level and through specific training and the strengthening of institutional capacity in both public and private sectors, so that the economic agents are better placed to contend with the major commercial, production and financial changes taking place on a global scale;

(e) To stimulate and support the strengthening of the National Council for Sustainable Development (CONADES) as an instrument for defining a strategic framework for the country, based on actual environmental conditions and taking account of the natural resource endowment in whatever sustainable development model the country adopts.

Decentralization

20. Given the importance of decentralization in managing the government over the next five years, the Government of Nicaragua is seeking UNDP support in implementing a programme which will have a very direct impact at the local level and should be complemented by dissemination of the concept of decentralization and definition of a decentralization model, built on the country's economic, social and cultural characteristics, that will be instrumental in strengthening the autonomy of the local authorities.

21. For this component, UNDP could carry out the following actions: (a) use TCDC to learn about successful decentralization experience in other countries with characteristics similar to those of Nicaragua; (b) support, in a comprehensive and consistent manner, the actions of the Ministry of Finance and the local authorities to make the municipalities self-sustaining, as well as the decentralization of social policy structures; (c) support the establishment of mechanisms to promote greater and more effective participation by civil society groups and increase their involvement in ensuring that projects are economically and socially sustainable; and (d) set up mechanisms to improve the linkages between the country's investment policy and local development and the generation of productive employment.

Democratization

22. The current programme in the Judicial Branch has yielded concrete results in establishing the rule of law and order, but this process needs further strengthening.

23. The Government is accordingly asking UNDP to implement a comprehensive, process-based programme to devise forums for communication between the different branches of government and the various civil society groups, so as to promote political dialogue and structural reforms and bring about legal changes that will consolidate the rule of law. In addition, market access and control over resources should be promoted as concrete forms of autonomy for individuals to participate fully in economic, social, political and cultural processes, by entrusting them with responsibilities and enabling them to enjoy the benefits of those processes.

24. The Government is seeking UNDP support for the following actions: (a) to facilitate skills improvement among participants in the political dialogue in

the interest of improved governance; (b) to furnish technical assistance for the drafting of clear and modern laws to guarantee citizen access to justice, and to conduct educational campaigns; (c) to provide training to strengthen institutional arrangements, aimed, among other things, at greater judicial impartiality and independence and at speedier processing; and (d) to lend its support in the selection of policies and programmes to help former prisoners re-enter society, and to secure funding for improvements in prison infrastructure and the humane and technical rehabilitation of inmates. UNDP and the specialized agencies could offer criteria to assist public and private institutions in formulating policies on underage and youthful offenders.

Disputes concerning the ownership of property

25. The Government is asking UNDP, with its own resources or those of other agencies, to support implementation of a programme to bring cohesiveness to the various bodies responsible for the handling and peaceful mediation of disputes relating to property ownership, and thereby assist in resolving this issue.

26. UNDP would support the implementation of a programme encompassing: (a) the strengthening of professional, technical and logistical support in order to produce fair and lasting solutions to the ownership problem; (b) promoting the institutional and technical strengthening of the government entities involved in the claims review and administration process; (c) the provision of technical assistance to give momentum to the titling programme; (d) strengthening the Judicial Branch to speed up the settlement of claims involving property ownership; (e) strengthening alternative dispute-resolution methods to supplement administrative and court proceedings; and (f) the provision of technical assistance for the design and implementation of a broad public information program on the subject of property ownership.

Modernization of public policies

27. The Government is requesting UNDP support in formulating sector policies, consistent with the priorities to be set in the national development strategy, leading to short-term actions that will in turn pave the way for the desired medium and long-term conditions.

28. UNDP could carry out the following actions: (a) provide assistance to strengthen institutional capacity, both public and private, with a view to dovetailing actions which form part of nationwide social projects within a social policy that is consistent with the country's economic policy; and (b) supply criteria and methodologies for introducing a gender approach into public policies and measuring their impact, on a differentiated basis, in order to promote equality of opportunity for both men and women, in terms of not only access to but also control over resources, and access to the benefits of development.

B. Productive human development, in particular at the local level

Productive and sustainable development at the local level

29. The ongoing progress in defining legal frameworks for municipal autonomy should be translated into concrete programmes aimed at alleviating poverty,

generating productive jobs, and effective social integration. In the fifth cooperation cycle, projects were carried out to support, among other things, rehabilitation, the cadastral survey, the Emergency Social Investment Fund (FISE), and community development.

30. If their frame of reference included an accurate definition of their sphere of action and were based on a more comprehensive vision, while stressing tie-ins with production, those actions could pave the way for a local development model that would prove more effective in alleviating poverty.

31. To prevent efforts from being spread too thinly and to achieve more comprehensive solutions, the Government believes it would be helpful if UNDP cooperation concentrated on priority geographical areas, in which methodologies could be tried which might be replicable in other departments of the country.

32. The Government is requesting UNDP support in implementing this programme, whose main components would be:

(a) Strengthening the institutional capacity, both of local governments, delegations and institutions of the central government, and of entities in the public and private sector and business and civil society groups;

(b) Technical assistance in strengthening the linkages between the small and medium-sized enterprise sector and the large company sector;

(c) Support for productive development, including the strengthening of innovative plans for financial services and other production support services;

(d) Support in forming local forums, linked to the actions to be carried out at the national level, to promote debates, studies and workshops on the possible effects of integration and globalization, to be used as an underpinning for actions aimed at aligning economic activities with those new circumstances.

Rehabilitation of former combatants

33. Rehabilitation of the armed groups is a decisive and urgent issue if democratic coexistence is to be achieved, poverty alleviated and the right environment created for trade and increased domestic and foreign investment. The Government believes there is a need for more far-reaching actions, built around a broad consensus, that can be carried out only from a comprehensive human development perspective at the local level.

34. The Government is seeking UNDP support in implementing programmes and projects that are both rural and local in nature and pay particular attention to the humane and productive rehabilitation of former combatants.

Development of tourism

35. This sector has considerable potential for generating foreign exchange and employment, especially in small and medium-sized enterprises, as well as for achieving more balanced regional development conducive to the country's social and cultural progress. The goal is to transform the tourist industry into a priority activity for revitalizing the national economy.

36. The Government is asking UNDP to support the promotion and development of a productive and sustainable tourist industry by means of the following actions: (a) technical assistance in expanding and diversifying tourist offerings based on the concepts of eco-tourism and agro-tourism, where the chief attraction lies in the country's natural resources and cultural heritage; (b) support in carrying out a specialized training programme for those working in the tourism sector; and (c) support in formulating and executing strategic tourist projects of regional scope.

Autonomy in education

37. The Government, aware of the need to strengthen the capacity of central government institutions to develop methodologies that can be replicated in different departments of the country, enhance the well-being of communities and eradicate poverty, is requesting UNDP support to help achieve autonomy in education by developing the instructional and administrative capacity of education centres and to encourage the formation of local education councils that can link educational processes to the communities' productive and economic needs.

B. A productive approach to eradicating poverty

Productive approach

38. The poverty that affects the people of Nicaragua has several different causes. Unemployment and the predominance of employment in the parallel or informal sector make it difficult to attack the problem. In this respect, the Government is aware of the need to create a political and economic framework that will assure stability, economic growth that is both sectorally and geographically balanced, and an increase in sustainable employment. The Government will accordingly pursue strategic policies that promote domestic and foreign investment, strengthen the popular economy, and give preference to the use of labor-intensive technologies.

39. To achieve these objectives, the Government is seeking UNDP support to strengthen entrepreneurial capacity by means of: (a) technical assistance and training for groups of businessmen, to provide them with better information and bargaining techniques for their dealings with the government agencies responsible for foreign trade negotiations; (b) technical assistance and training for grass-roots groups in which UNDP is carrying out other activities, with a view to strengthening their management skills and supporting production; (c) technical assistance in transferring productive technologies and adapting them to the cultural conditions and practical know-how of the country's social and productive groups; (d) support for the formulation of production policies based on the environmental situation of the country and of the priority areas for UNDP action; (e) support to the government agencies responsible for formulating and implementing production policies to ensure that they take gender into account and offer equal opportunities for men and women; and (f) support for activities aimed at improving and consolidating the public investment planning process, by pinpointing local training and participation needs.

Human development observatory

40. Considering that the United Nations has a specific mandate to supply governments with criteria and proposals for alleviating poverty, the Government of Nicaragua is asking UNDP to collaborate in the creation of the Human Development Observatory as a means of building consensus on the pivotal activities that will genuinely help to reduce poverty and eliminate extreme poverty at medium and long term. This programme would comprise: (a) assistance in establishing a basic information system covering the principal economic, social, cultural and political indicators, in order to measure progress in human development and shape a development strategy; and (b) support in setting up horizontal communications mechanisms, to facilitate the exchange of experience and knowledge between different co-participants and different regions and issues.

Cooperation with other agencies

41. It is anticipated that collaboration will take place with the United Nations International Drug Control Programme (UNDCP), in coordination with UNDP, in the design and implementation of a programme to combat the illegal drug trade. Similarly, cooperation is expected with the Office of the United Nations Coordinator for Disaster Relief, which could offer support to projects for coping with emergency situations arising from natural disasters.

VI. MANAGEMENT ARRANGEMENTS

42. More than 90% of the assistance in the fifth cycle went to projects implemented using the national-execution approach, with local counterparts – for the most part governmental – assuming responsibility for management and implementation arrangements. External evaluations have indicated that this execution arrangement is conducive to building up national project-management capacity. It also helps to make better use of national technical and professional capacity, enhance integration, and promote project ownership in government operations.

43. For the present cooperation framework it is felt that it would be useful to analyse the underpinnings of national execution. This entails evaluating normative, legal and procedural aspects, as well as national capacity in the area of human resources and systems for formulating, managing, monitoring and auditing cooperation programmes.

44. In the context of the regulations and procedures stipulated by UNDP, and to assure transparency, effectiveness, and compliance with the purposes required by the cooperation agencies and the beneficiaries themselves, different arrangements could be adopted for executing the present cooperation framework, including: (a) assumption of full accountability by the governmental counterparts; (b) direct execution by UNDP; (c) execution of selected components by an agency of the United Nations system; and (d) execution by other agencies.

45. Within the present cooperation framework, UNDP and its national counterparts should try to find the most appropriate arrangements to facilitate the fullest possible involvement of civil society organizations and the private sector as direct co-participants in the programmes and projects.

46. Monitoring and evaluation are becoming increasingly important, since they make management easier and help to identify the impact of development programmes. The executing agency and UNDP should therefore establish and maintain substantive monitoring of specific indicators built into the design of each project and covering social, institutional, financial, economic and environmental aspects, quantitative and qualitative impacts, the relevance of the country's priorities and needs, and the causal relation underlying achievements.

47. To the extent that UNDP projects and programmes are integrated with national programmes, monitoring and evaluation of their impact should be based on the national systems, which UNDP could strengthen if necessary. The Government and UNDP will conduct annual evaluations through a mechanism that is representative of the cooperating sectors, groups and countries involved in the programme.

48. Every two years a consolidated report will be prepared for submission to the Executive Board through the UNDP's Programme Management Oversight Committee. Supervision will focus on the following elements: (a) achievements and impacts of the programmes in relation to indicators and targets established at the outset; (b) advances in the formulation of national policies and programmes; and (c) financial and management aspects.

49. UNDP funds, which are non-reimbursable, will be used as seed capital to mobilize resources from third parties. It is believed that the proposal to focus future UNDP support on areas of strategic importance for the country's development will facilitate consensus-building and collaboration, under different formats and arrangements, with the agencies providing assistance. The following strategies might be employed:

(a) Renew and/or expand some important ongoing programmes with recognized track records, to make them more consistent and comprehensive and thus enhance their efficiency and effectiveness in meeting their objectives.

(b) Together with international cooperation agencies, start to develop joint programs in sectors or areas where programme interests coincide. The presence of co-participants from the outset of project formulation will lay the groundwork for greater commitment by all parties and greater efficiency and effectiveness in the execution of such projects.

(c) Attach special importance to coordinating the agencies of the United Nations system in activities covered by their mandates, and to agreeing on joint actions on issues where mutual interests coincide and proven capacity exists.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR NICARAGUA (1998-2001)

(In thousands of dollars)

SOURCE	AMOUNT	COMMENTS
UNDP CORE FUNDS		
Estimated IPF available	(5 312)	
Purpose of resources allocated from core funds (Item 1.1.1)	7 634	Assigned immediately to country
Purpose of resources allocated from core funds (Item 1.1.2)	0 to 66.7% of item 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Purpose of resources allocated from core funds (Item 1.1.3)	150	
Other funds	85	Special Program resources
Support for policy and programme development and support for technical services (SPPD/STS)	628	
Subtotal	3 185*	
NON-CORE FUNDS		
Government cost-sharing	2 400	
Third-party cost-sharing	36 800	
Funds, trust funds and other resources	16 853 of which:	
Spanish Fund MSA	853 16 000	
Subtotal	56 053	
TOTAL	59 338*	

* Not including resources from Item 1.1.2, which are allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; MSA = management services agreement.